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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 29-83

OCT 12 '83

WASHINGTON, July 20--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

EC TRADE NOTES

Through mid-July, the EUROPEAN COMMUNITY (EC) authorized 1.4 million tons of soft wheat for export (using subsidies of about \$60 per ton) under its weekly export tender system, the primary vehicle for monitoring and controlling EC exports. This pace is about the same as last year. The EC used its weekly tenders to authorize 8.1 million tons during 1982/83, a record that might have been higher had the EC not voluntarily restrained its exports. There are presently some indications of restraint for 1983/84, but with large carry-over stocks from last year's record wheat crop, and a near-record harvest expected this year, pressure will likely build to exceed last year's record export volume.

GRAIN AND FEED

The 1983 grain harvest in the SOVIET UNION began 1-2 weeks earlier than usual. The first report of the season stated that as of July 4, some 10.9 million hectares of small grains and pulses had been cut. Of this area, 6.4 million had been threshed. Good harvesting weather brought the area cut up to 19 million hectares as of July 11, reflecting a relatively advanced spring and summer season in southern European USSR, where winter wheat is a primary crop. The latest harvest figure compares with 5.1 million hectares cut by July 12 last year and 12.2 million by July 11 in 1981. USDA currently estimates the 1983 Soviet harvest area for small grains and pulses at 117 million hectares, plus an additional 5 million hectares of corn for grain.

COTTON AND FIBERS

SPAIN recently announced 1983/84 cotton marketing regulations that increase minimum grower prices by an average of 15.5 percent. Minimum grower prices range from 62 to 92 pesetas per kilogram (20.3-30.1 cents per pound), depending on grade. In addition, growers will receive a subsidy of 9 pesetas per kilogram from the Farm Commodity and Price Stabilization Agency (FORPPA). Minimum prices in equivalent U.S. dollars have actually declined due to depreciation of the Spanish peseta.

The regulations also provide for subsidies for purchases of mechanical harvesters, machinery loans and production loans.

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MEXICO has announced the cancellation of its contract with El Salvador to purchase 20,000 bales of cotton due to alleged coffee rust infestation. Although Mexico's trading agency continues to seek prospective sellers, sources indicate the government will grant no import licenses. The U.S. agricultural counselor in Mexico City reports that this will leave stock levels at or near zero by mid-August.

In turn, this has implications for Mexican cotton exports. With diminished stocks and trade disincentives, such as those restricting access to foreign exchange earnings, Mexico's cotton exports are expected to face further declines in 1983/84.

SYRIA is continuing to expand local spinning capacity and domestic production of textile goods. The goal of these efforts is to promote the export of high-valued finished goods and thereby lower the quantity of raw cotton exported. In 1982, new textile mills in Idleb, Jableh, Hama and Deir-ez-Zor began operation. In 1983, a new mill in Hassakeh is scheduled to start operation. Syria's mills, however, have been operating below capacity due to sluggish domestic and foreign demand for textile products. In an effort to stimulate foreign sales, the government recently introduced a special parallel exchange rate for textile exports. The effect of the special exchange rate will be to reduce the dollar value of Syria's textile exports.

In SOUTH KOREA, imports of raw cotton totaled approximately 850,000 bales during the first seven months of 1982/83, up 4 percent from the same period in 1981/82. The U.S. share was 89 percent, down from 96 percent in 1981/82. The decline in the U.S. share was due to continued large purchases of competitively priced mediumto long-staple growths from India, Australia, Sudan and Pakistan. Sudanese cotton has been imported by a general trading company and sold to mills in local currency credits with the principal plus interest repayable over a three-year period at an interest rate of 8 to 10 percent per annum. However, mills are dissatisfied with the cotton because of honeydew, an insect secretion which causes problems with spinning equipment. Consequently, substantial Sudanese imports are not likely to continue.

TOBACCO

On July 2, MALAYSIA increased the import duty on cigarettes and cut filler tobacco for the third time in less than three years. Cigarette duty was increased by a third to M\$80 per kilogram (US \$ 34.78) from M\$60 (US\$26.09) and duty on cut filler tobacco was raised by 30 percent to M\$65 (US\$28.26) per kilogram.

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The target of the increase is reportedly American-blend cigarettes, which have been making inroads into the market for all-Virginia (British-type) cigarettes. Imported U.S. cigarettes and tobacco for American brands manufactured in Malaysia are perceived as a threat to the domestic tobacco industry. The new duties will probably cut into growth of U.S. tobacco and cigarette exports to this market, which in 1982 were valued at \$36.1 million and \$25.7 million, respectively.

Effective June 21, the DOMINICAN REPUBLIC increased the consumption tax on blond-type cigarettes by 50 percent to 27 cents per pack of 20. As a result, the new anticipated retail price of blond-type cigarettes is expected to reach \$1.00 from the former \$0.90 per pack. The tax is a revenue raising measure to finance 1986 sports events in Santiago, the principal tobacco producing area.

COFFEE, TEA AND COCOA

Coffee production for 1983/84 in ZAIRE is estimated at 1.39 million 60-kilogram bags, down 4 percent from the earlier forecast of 1.45 million and below the level of recent years. The drop this year, which primarily affects the Robusta crop, is due to drought in the Kasai-Occidental and Kasai-Oriental regions.

Planted area has been increasing over the past few years as production shifts to smaller producers. Historically, 60 percent of Zaire's production came from large plantations. But within the next few years, output by smaller producers is expected to account for 60 percent of the total, fueled by price liberalization last year that improved profits of smallholder operations.

Ninety percent of Zaire's coffee production is exported, with about 1.1 million bags destined for importing members of the International Coffee Organization. Last year, coffee exports earned \$145 million in foreign exchange, second only to copper as the country's major export earner. The effect of the 1983 drought on Zaire's 1983/84 exports will be minimized by its ability to draw on carryin stocks estimated at 1 million bags.

SUGAR

Based on FAS field reports received in late June, indications are that the area planted to sugarbeets in the EUROPEAN COMMUNITY is 1.67 million hectares, down 9 percent from last year's harvested area of 1.84 million. The 1983 planted area is nearly 3 percent below pre-season intentions due to cool and wet weather through April and most of May, which delayed seedings. The delay in planting and the cool, wet, early growing conditions are expected to keep sugar yields below the generally high levels of the past two years in most countries. Consequently, raw sugar production in 1983/84 is forecast to be around 11.7 million tons, down 21 percent from the 14.8 million tons produced in 1982/83. However, conditions during the remainder of the growing season and through harvest will influence the final outcome. A better indication will be available when sucrose testing begins next month. Data are as follows:

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| Country | 1983/84 | | Forecast | | | |
|---------------------|----------------|-----------------------|-----------|--------------|-------------|--------------|
| | : Planted Area | : Earlier : Estimated | : 1983/84 | : Raw Sugar | : Harvested | : Raw Sugar |
| | : Indications: | | | : Production | : Area | : Production |
| | | | 1,000 MT | 1,000 HA | 1,000 MT | |
| Belgium/Luxembourg: | 120 | 113 | 800 | 124 | 1,200 | |
| Denmark | 76 | 75 | 450 | 77 | 584 | |
| France (domestic) : | 489 | 470 | 3,690 | 543 | 4,822 | |
| Germany, Fed. Rep.: | 406 | 403 | 2,900 | 429 | 3,585 | |
| Greece | 40 | 40 | 300 | 40 | 323 | |
| Ireland | 36 | 36 | 200 | 34 | 241 | |
| Italy | 220 | 220 | 1,380 | 255 | 1,295 | |
| Netherlands | 129 | 117 | 750 | 134 | 1,210 | |
| United Kingdom | 203 | 196 | 1,250 | 201 | 1,543 | |
| | | | | | | |
| Total EC | 1,719 | 1,670 | 11,720 | 1,837 | 14,803 | |

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Selected International Prices

| Item | : July 19, 1983 | | : Change from : A year | |
|---|-----------------|------------|------------------------|-----------|
| | : | | : previous week : ago | |
| ROTTERDAM PRICES 1/ | \$ per MT | \$ per bu. | \$ per MT | \$ per MT |
| Wheat: | | | | |
| Canadian No. 1 CWRS-13.5% 13/ 199.00 | | 5.42 | -7.00 | 198.00 |
| U.S. No. 2 DNS/NS: 14%... 179.00 | | 4.87 | -6.00 | 177.50 |
| U.S. No. 2 DHW/HW: 13.5%.. N.Q. | | -- | -- | N.Q. |
| U.S. No. 2 S.R.W..... 153.00 | | 4.16 | +4.00 | 145.00 |
| U.S. No. 3 H.A.D..... 191.00 | | 5.20 | -2.00 | 173.00 |
| Canadian No. 1 A: Durum.... 204.50 | | 5.57 | -.50 | 189.00 |
| Feed grains: | | | | |
| U.S. No. 3 Yellow Corn.... 148.00 | | 3.76 | -3.00 | 122.00 |
| U.S. No. 2 Sorghum 2/..... N.Q. | | -- | -- | 134.00 |
| Feed Barley 3/..... N.Q. | | -- | -- | N.Q. |
| Soybeans and meal: | | | | |
| U.S. No. 2 Yellow..... 258.60 | | 7.04 | +2.60 | 247.50 |
| Brazil 47/48% SoyaPellets 4/ 229.00 | | -- | +3.00 | 213.00 |
| U.S. 44% Soybean Meal..... 220.00 | | -- | +1.00 | 211.00 |
| U.S. FARM PRICES 5/ | | | | |
| Wheat..... 124.19 | | 3.38 | -1.11 | 119.42 |
| Barley..... 78.54 | | 1.71 | +1.38 | 70.27 |
| Corn..... 124.01 | | 3.15 | +.39 | 98.81 |
| Sorghum..... 109.13 | | 4.95 6/ | +.22 | 95.46 |
| Broilers 7/..... 1172.41 | | -- | -.66 | N.A. |
| EC IMPORT LEVIES | | | | |
| Wheat 8/..... 95.96 | | 2.61 | -4.37 | 102.28 |
| Barley..... 96.00 | | 2.09 | -1.00 | 94.05 |
| Corn..... 67.85 | | 1.72 | -3.32 | 91.28 |
| Sorghum..... 85.75 | | -- | -1.12 | 93.44 |
| Broilers 9/..... 275.00 | | -- | -1.00 * | 260.00 |
| EC INTERVENTION PRICES ii/ | | | | |
| Common wheat(feed quality) 161.93 | | 4.41 | -15.24 | 172.00 |
| Bread wheat.(min. quality) 178.75 | | 4.86 | -15.57 | 190.64 |
| Barley and all other feed grains..... 161.93 | | -- | -15.24 | 172.00 |
| Broilers 11/..... 1140.00 | | -- | -0- | -- |
| EC EXPORT RESTITUTIONS (subsidies) | | | | |
| Wheat 12/..... 26.00 | | .71 | -.12 | N.A. |
| Wheat flour..... N.Q. | | N.Q. | N.Q. | N.Q. |
| Barley..... 52.89 | | 1.15 | -2.91 | N.A. |
| Broilers 9/..... 197.00 | | -- | -1.00 * | 172.00 |
| Sugar, refined 14/..... 281.51 | | -- | -1.26 | N.A. |

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Twelve-city average, wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects exchange rate change and not level set by EC. 11/ F.O.B. price for R.T.C. broilers at West German border. 12/ Corrective amount, July - zero, Aug-Sept 40 ECU's. 13/ Sept. shipment. 14/ For week of July 13, based on a maximum subsidy of 26.540 ECU's per 100 kg. N.Q.=Not quoted. N.A.=None authorized. Note: Basis August delivery. *Reflects currency fluctuation and not change in level set by EC.

FAS Circular Release Dates 1983

| July | Aug | Sept | Oct | Nov | Dec |
|--|--|--|--|--|--|
| 8 Horticultural Products Review | 8 Horticultural Products Review | 8 Horticultural Products Review | 11 Horticultural Products Review | 4 World Meat Situation/Outlook | 8 Horticultural Products Review |
| World Coffee Situation | 11 World Crop Production ¹ | 12 World Crop Production ¹ | 12 World Crop Production ¹ | 8 Horticultural Products Review | 12 World Crop Production ¹ |
| 12 World Crop Production ¹ | 12 World Agricultural Supply/Demand ² | 13 World Agricultural Supply/Demand ² | 13 World Agricultural Supply/Demand ² | 9 World Sugar & Molasses Situation | 13 World Agricultural Supply/Demand ² |
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| World Tobacco Situation | World Tobacco Situation | World Tobacco Situation | 14 World Grain Situation/Outlook | World Crop Production ¹ | World Tobacco Situation |
| USSR Grain Situation/Outlook | 15 World Grain Situation/Outlook | 14 World Grain Situation/Outlook | World Tobacco Situation | 14 World Agricultural Supply/Demand ² | 14 World Grain Situation/Outlook |
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| | | | 31 Agricultural Export Outlook ³ | 29 Export Markets for U.S. Grains | |

All World Grain Situation/Outlook Circulars are available at 9:00 a.m. of the day designated. All other FAS circular reports listed above are available after 3 p.m. on the day of release from FAS Information Services Staff, Room 5918 South Building, U.S. Department of Agriculture, Washington, D.C. 20250. Telephone (202) 447-7937.

¹ Available from FAS, Information Division, Room 5918 South Building.

² Prepared jointly by USDA's Foreign Agricultural Service, Economic Research Service and the World Agricultural Outlook Board. Limited number of copies and subscription information are available from the World Agricultural Outlook Board Room 5143 South Building, Washington, D.C. 20250. Telephone (202) 447-5447.

³ On day of release copies available from USDA Press Service.

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